

ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS (REFLECTING THE 2005-07 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2003-05 Biennium	2005-07 Biennium
Beginning balance	\$33,153,183	\$19,379,478
Add estimated revenues		
2002 government nursing facility funding pool payment (July 2003)	\$13,646,405	
2003 government nursing facility funding pool payment (July 2004)	6,349,417	
Investment earnings	2,019,756	870,019
Loan repayments - Principal and interest	915,867	963,185
Total estimated revenues	<u>\$22,931,445</u>	<u>\$1,833,204</u>
Total available	\$56,084,628	\$21,212,682
Less estimated expenditures		
State Department of Health		
Quick response unit pilot project	\$225,000	\$225,000
Scholarship and nurses' student loan repayment grant program	489,500	489,500
Bank of North Dakota administrative fee	79,615	79,615
Transfer to the general fund	35,911,035	16,900,000
Total estimated expenditures	<u>\$36,705,150</u>	<u>\$17,694,115</u>
Estimated ending balance	<u>\$19,379,478</u>	<u>\$3,518,567</u>

The health care trust fund was established by the 1999 Legislative Assembly (Senate Bill No. 2168) for providing nursing alternative loans or grants. The 2001 Legislative Assembly in House Bill No. 1196 provided that money in the fund may be transferred to the long-term care facility loan fund for nursing facility renovation projects and used for other programs as authorized by the Legislative Assembly. Money is generated for the health care trust fund as a result of the Department of Human Services making government nursing facility funding pool payments to two government nursing facilities--McVile and Dunseith. Payments are made based on the average amount Medicare rates exceed Medicaid rates for all nursing care facilities in the state multiplied by the total of all Medicaid resident days of all nursing homes. Federal Medicaid funds are available for these payments and require a state match. Payments are made to the two government nursing facilities and are subsequently returned to the state, less a \$50,000 transaction fee retained by each of the two government nursing facilities. Once returned to the state, the state's matching share is returned to its source, and the federal funds are deposited in the health care trust fund. Money in the fund is invested by the State Investment Board and any investment earnings are retained in the fund. The federal government has eliminated this intergovernmental transfer program. As a result, North Dakota's final intergovernmental transfer payment was received in July 2004.